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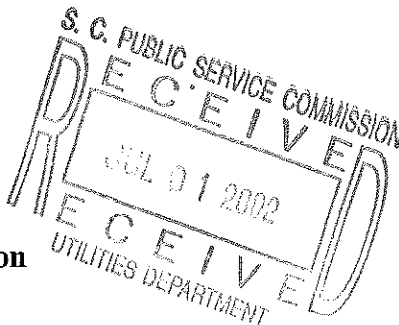
June 28, 2002

AREA CODE 803
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REGINALD I. LLOYD
SPECIAL COUNSEL

VIA HAND DELIVERY

The Honorable Gary E. Walsh
Executive Director
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, SC 29210



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RE: Application For Transfer of Assets by
Utilities Services of South Carolina, Inc.
Docket No. 2002-124-W/S

Dear Mr. Walsh:

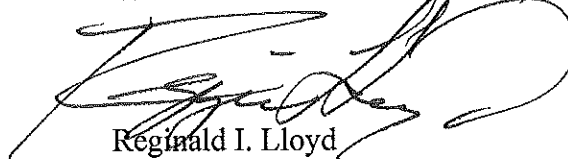
Enclosed for filing are the original and eleven copies each of the Direct Testimony of Willard S. Detweiler and the Direct Testimony of Carl Daniel. I would appreciate your filing the original and ten copies of each and returning one clocked-in copy of each via our courier. We will file verifications of the same on Monday, July 1, 2002.

If you have any questions, please do not hesitate to call me.

With kind regards, I am

Very truly yours,

WILLOUGHBY & HOEFER, P.A.



Reginald I. Lloyd

RIL/cgc
enclosures

BEFORE
THE PUBLIC SERVICE COMMISSION
OF

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S. C. PUBLIC SERVICE COMMISSION **SOUTH CAROLINA**

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UTILITIES DEPARTMENT

DOCKET NO. 2002-124-W/S

**DIRECT TESTIMONY OF
WILLARD S. DETWEILER**

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS

A. My name is Willard S. Detweiler. I am President and Chief Executive Officer of Utilities of South Carolina, Inc., and South Carolina Water and Sewer, LLC ("the Companies"), my business address is 337 King Street, Charleston, SC 29401.

Q. PLEASE DESCRIBE THE COMPANIES?

A. Utilities of South Carolina, Inc., is a South Carolina Corporation, which operates water systems and sewer systems in various areas of the State subject to the jurisdiction of the Commission. South Carolina Water and Sewer, LLC, is a South Carolina limited liability company, which also operates water systems and sewer systems within the State subject to the jurisdiction of the Commission.

Q. ARE YOU FAMILIAR WITH THE AGREEMENTS BY WHICH THE ASSETS AND OPERATIONS OF THE COMPANIES ARE TO BE ACQUIRED BY UTILITIES SERVICES OF SOUTH CAROLINA, INC.?

A. Yes. I am familiar with the separate agreements for purchase and sale of the water and wastewater assets of the Companies by Utilities, Inc., the parent company of Utilities Services of South Carolina, Inc. Those agreements have been filed with the Commission and the application for their approval is the subject of this proceeding.

DATE: JUL 28

SERVICE: _____

**Q. DO THE COMPANIES SUPPORT THE APPROVAL OF THE AGREEMENTS
FOR TRANSFER OF THEIR ASSETS AND OPERATIONS?**

A. Yes. The Companies believe that the approval of the transfer of their assets and operations to Utilities Services of South Carolina, Inc., will best serve the public interest and enable the customers of the systems to receive reliable and economical water and wastewater services under the rules and regulations of the Commission. We join with the Applicant in requesting the Commission to approve the transfer of assets and operations which the Application in this proceeding requests.

Q. DO YOU HAVE ANY FURTHER COMMENT?

A. Yes. South Carolina Water and Sewer, LLC, has also filed a separate Application in Docket No. 2002-163-W to transfer the assets and operations of its South Congaree water system in Lexington County to the City of Cayce, South Carolina.

Q. DOES THAT CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

BEFORE

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THE PUBLIC SERVICE COMMISSION OF

SOUTH CAROLINA

DOCKET NO. 2002-124-W/S

RE: Application of Utilities Services of)
South Carolina, Inc.)

For Approval of the Transfer of the Water)
And Sewer Facilities, Territory, and)
Certificates Of Utilities of S.C., Inc.)
and S.C. Water and Sewer, LLC)

DIRECT TESTIMONY
OF
CARL DANIEL

S. C. PUBLIC SERVICE COMMISSION
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CIVILS DIVISION

1 Q. Would you please state your name and business address?

2 A. My name is Carl Daniel, and my business address is 5701 Westpark Drive, Suite 101,
3 Charlotte, NC 28217.

4 Q. What is your current position of employment?

5 A. I am Group Vice President and Regional Director of Operations for Utilities, Inc., with
6 oversight authority for the following wholly-owned subsidiaries of Utilities, Inc.: United
7 Utility Companies, Inc., Carolina Water Service, Inc., Tega Cay Water Services, Inc., South
8 Carolina Utilities, Inc., and Southland Utility Company, Inc. As Group Vice President and
9 Regional Director of Operations, I will have the same oversight responsibility for the
10 Applicant, Utilities Services of South Carolina, Inc.

11 Q. How long have you been employed in the water and wastewater industries?

12 A. Approximately 28 years.

13 Q. What is your educational and professional background?

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SERVICE

1 **A.** I hold a Bachelor's Degree in Business Administration from Pfeiffer University in North
2 Carolina. Throughout my career, I have held the positions of Operator, Operating Manager,
3 Area Manager, Regional Director, and Vice President. During that time, I have both
4 operated and managed water supply systems and wastewater treatment facilities. Also, I
5 have overseen the completion of major capital improvements and have been the Company
6 spokesperson with regard to health, environment, and utility regulations in several states.

7 **Q.** **What are your duties with Utilities, Inc.?**

8 **A.** I am responsible for making sure our customers receive the best possible service. As such,
9 I am responsible for all operating personnel, facilities, maintenance and capital projects. In
10 addition, I am responsible for communications with state and federal regulators, including
11 state utility commissions, regarding environmental and drinking water standards as well as
12 other operational issues.

13 **Q.** **Would you describe your experience in testifying before state utility commissions**
14 **regarding rate cases?**

15 **A.** Yes. I have testified before the commissions in North Carolina, South Carolina, Maryland,
16 and Virginia.

17 **Q.** **Mr. Daniel, what is the purpose of your testimony in this proceeding?**

18 **A.** The purpose of my testimony is to provide the Commission with a brief overview of the
19 corporate entity purchasing the affected systems and an overview of Utilities, Inc.'s South
20 Carolina operations, including our continued efforts to provide our customers with the best
21 possible water and sewer utility service. Further, I am providing the Commission with
22 testimony in support of the Application for Transfer of the assets of Utilities of South

1 Carolina, Inc. and South Carolina Water and Sewer, LLC, as being in the public interest and
2 best interests of the affected customers.

3 **Q. Mr. Daniel, would you briefly describe who will own the affected systems in South**
4 **Carolina if the transaction is approved by the Commission?**

5 **A.** Yes. Utilities Services of South Carolina, Inc. has been established by Utilities, Inc. to hold
6 the assets purchased from Utilities of South Carolina, Inc. and South Carolina Water and
7 Sewer, LLC. Utilities Services will be a wholly-owned company of Utilities, Inc., which,
8 as I testified earlier, is also the parent company of five other wholly-owned water and sewer
9 service companies operating in South Carolina and subject to the jurisdiction of the
10 Commission and South Carolina Department of Health and Environmental Control. Those
11 companies are United Utility Companies, Inc., Carolina Water Service, Inc., Tega Cay Water
12 Services, Inc., South Carolina Utilities, Inc., and Southland Utility Company, Inc. If the
13 Application pending before the Commission is approved, personnel from Utilities, Inc. and
14 the South Carolina owned entities will assist in integrating the affected systems into the
15 overall operations of Utilities, Inc.

16 **Q. Will Utilities Services of South Carolina, Inc. work to ensure that the affected**
17 **customers will receive quality utility service?**

18 **A.** Yes. Our companies are proud of our commitment to ensuring that all our customers receive
19 quality utility service. To meet this responsibility, Utilities, Inc. companies hire and maintain
20 a highly qualified and professional staff of individuals both in the office and in the field. We
21 also continue to make customer satisfaction the primary responsibility of each and every
22 employee.

1 **Q. Are you familiar with the Agreements by which the assets of Utilities of South Carolina,**
2 **Inc. and South Carolina Water and Sewer, LLC are to be acquired by Utilities Services**
3 **of South Carolina, Inc.?**

4 **A.** Yes. Those agreements provide for the transfer of the assets of the two companies affiliated
5 with U.S. Utilities. Those separate agreements have been filed with the Commission, along
6 with all accompanying schedules and amendments to the agreements.

7 **Q. Does Utilities, Inc. and the Applicant still support the approval of those Agreements by**
8 **the Commission, as well as the approval of this Application?**

9 **A.** Yes. Utilities, Inc. believes that it is in the best interests of the affected customers and the
10 public interest that the Commission approve the transfer of these systems to Utilities Services
11 of South Carolina, Inc. We believe that the Applicant, as a part of Utilities, Inc., will be able
12 to provide long-term stable service to the affected customers. Utilities, Inc. has been in the
13 utility business for more than thirty years and currently provides water and/or wastewater
14 services to approximately 243,000 customers in 16 states. Our experience and knowledge
15 in the utility business is among the most extensive and we have a strong existing presence
16 in South Carolina that will benefit the affected customers of these systems. In sum, we
17 believe that it will be in the best interests of the customers of these systems for the
18 Commission to approve this Application for transfer of systems in order for those customers
19 to receive safe and reliable water and wastewater services.

20 **Q. Is Utilities Services of South Carolina seeking to acquire these systems under the**
21 **current rate structure?**

1 **A.** Yes. The Application seeks the Commission's approval of the transfer of these systems
2 under the current and existing rate schedules, as approved by the South Carolina Public
3 Service Commission.

4 **Q.** **Does this conclude your testimony?**

5 **A.** Yes.

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BEFORE
THE PUBLIC SERVICE COMMISSION
OF
SOUTH CAROLINA

RE: Application of Utilities Services of)
South Carolina, Inc.)

Certificate of Service

For Approval of the Transfer of the Water)
And Sewer Facilities, Territory, and)
Certificates Of Utilities of S.C., Inc.)
and S.C. Water and Sewer, LLC)

Docket No. 2002-124-W/S

I, the undersigned administrative assistant for the law offices of Willoughby & Hoefer, P.A., attorneys for the Plaintiff, do hereby certify that I have served the **Direct Testimony of Willard S. Detweiler and the Direct Testimony of Carl Daniel** filed with the South Carolina Public Service Commission on Friday, June 28, 2002, upon the persons named below, via first class mail at the addresses set forth below:

James S. Eakes, Esquire
Allen and Eakes
P.O. Box 1405
Anderson, SC 29622

Elliott R. Elam, Jr., Esquire
Staff Attorney
Department of Consumer Affairs
Post Office Box 5757
Columbia, South Carolina 29250-5757

Robert T. Bockman, Esquire
McNair Law Firm, PA
Post Office Box 11390
Columbia, SC 29211


Cathy G. Caldwell

Columbia, South Carolina
This 28th day of June, 2002